HIPAA Provider Perspectives:

preparation, concerns, and experience in
Proof of Concept Testing

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Memorial Sloan-Kettering Cancer
Center, 7/13/00

About Memorial

- The world's largest comprehensive cancer center, founded in 1884

- 437 beds, 352 physicians, 6,100 total staff

- 1999 statistics:
  - 18,008 admissions, 7.2 days LOS, 82% occup.
  - 427,219 outpatient visits
  - 11,848 surgical procedures

- 1999 operating revenue $883 million

Memorial's patient mix

Medicare 34%

Insurance 19%

Medicaid 12%

HMO 9%

Blue Cross 20%

Self-Pay 6%
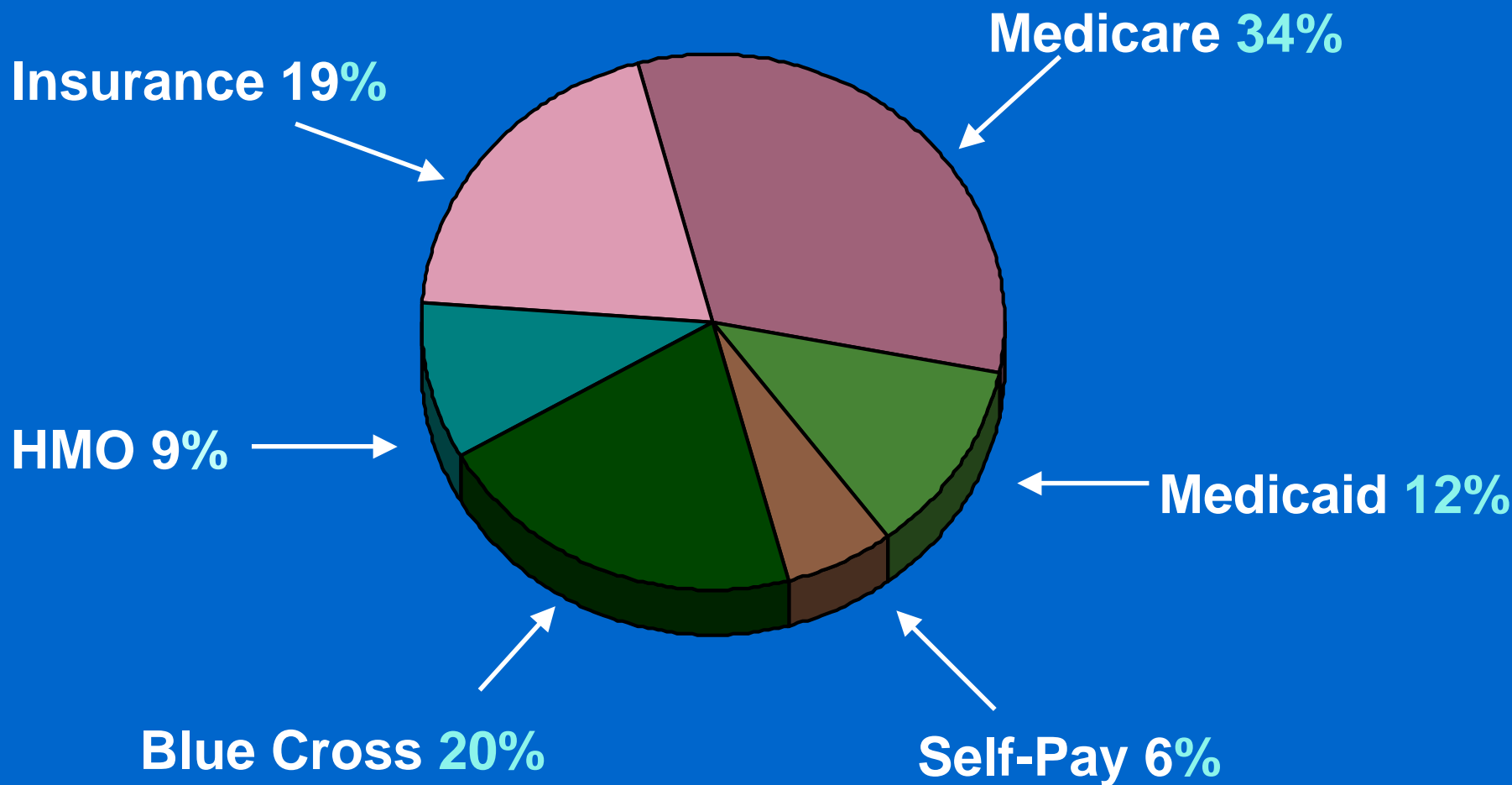
HIPAA at MSKCC

- Medicare hospital production 835, 12/95
- Medicare hospital production 276-277-997 (following Proof of Concept testing), 1/99
- Medicare hospital outpatient therapy 277-275 Proof of Concept testing in progress

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Volunteer for business input!

- HCFA initiated Proof of Concept testing during 2nd quarter, 1998

- Selected Empire Blue Cross and Memorial Sloan-Kettering Cancer Center for hospital claims status testing

- Because of limited timeframes, Memorial worked with The Cirius Group in California for their ANSI translation
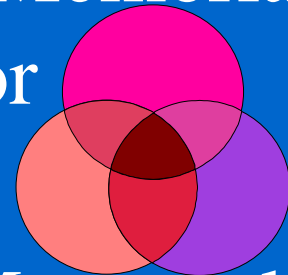
Other Proof of Concept Providers

- Cornell Medical Center in New York
- The Mayo Foundation in Minnesota
- Edgepark Surgical in Ohio
- Ancilla Systems in Indiana.
- The Emergency Physician Billing Group in Oklahoma

Other 276-277 Participants

- United HealthCare in Connecticut
- IBM in New York
- IDX in Vermont
- PCN in Pennsylvania
- BCBS of Rhode Island

Other 276-277 Participants

- XACT Medicare Services in Pennsylvania
- Adminastar Federal EDI in Indiana
- Automated Health Consultants in Texas
- EDS in Texas
- BCBS of Texas

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276-277 Scope

Proof of Concept testing included:

- 276 claim status request

- 277 claim status response

- 997 file transmission acknowledgement
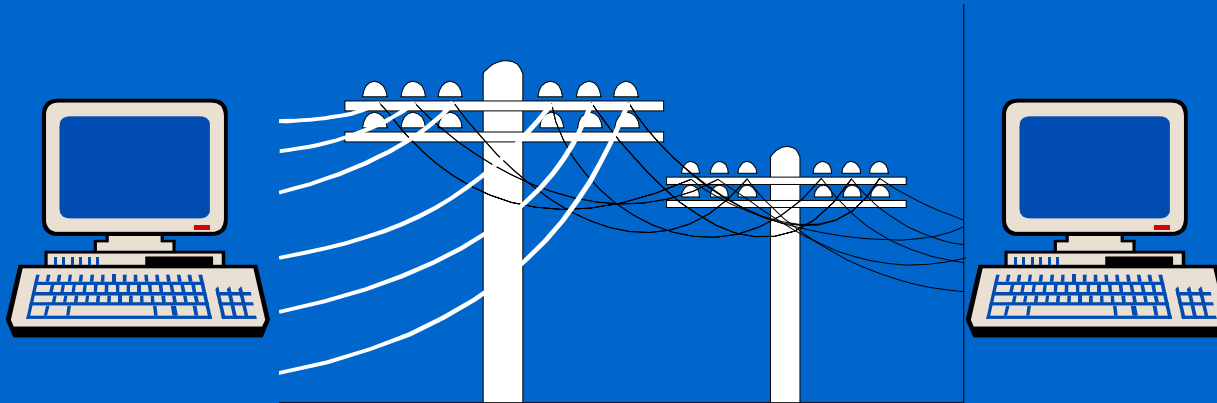
276-277 Goals

- The pilot testing proved the implementation guides were somewhat ambiguous for future ANSI implementations.

- Unforeseen complexities of implementation warrant national beta testing prior to mandated implementations.

Example ambiguities: 276-277

- Pairing provider/payer data elements. Does "provider number" mean billing provider, rendering provider, or group practice provider? Can any of these 3 inquire on the others?

- Date of service parameters (exact match of one or both, date ranges, 1 or more claims returned)

- Translation of the payer's proprietary status codes into the national status codes, and resulting loss of customizations.

Example ambiguities: 277-275

- Adobe version not specified on wpc implementation guide web site. Download to an older version results in misleading error.

- Difficult to find the annotations for the unsolicited 277 draft guide.

- Delay in releasing LOINC code list on web.

- Zip/unzip program now needed for download.

- Use of 997 for file, claim, or LIDOS coordination with payer.

Info Systems partnership

Memorial recommended to HCFA:

- Provide test files on the web for future ANSI transaction sets, as was done for the 276 and 277, accessible to the development programmers.

- Coordinate all business office, programming, interface, and hardware resources between provider and payer

Strategic testing
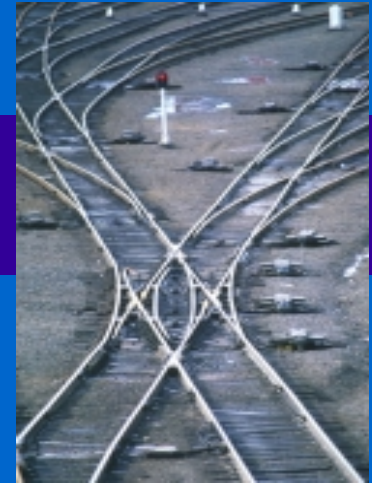
Memorial recommended to HCFA:

- Provide comprehensive test scenarios on the web as a testing checklist for implementers

- Memorial prepared 89 test scenarios including insurance priority, billtype, age of claim, debit-credit claims, empty files, voluminous files, billtypes, daily and weekend scheduling, invalid or missing data elements, status and category response codes.

Network integration delays

- Empire did not have a test environment for FTP. Dial-up FTP was being used for selected beta testing only. Daily-use dial-up FTP for both testing and production took months to coordinate and set-up.

- Dedicated-line FTP was non-existent at Empire. Memorial had to set-up a special workaround outside their production environment including additional interfaces and error-checking.

Standards & Open systems

- Versioning issues: 276-277 on 4010, 277-275 on 4020. Overlap difficult for set-up and troubleshooting, notably with 277.

- Difficult end-user transition from customized, automated, proprietary Empire software to ANSI 835, 276, and 277. Anticipate challenging workflow changes with 275.

- SNI link convenience for claims entry & correction, claims status, ADRs to Frame Relay.

Response time considerations
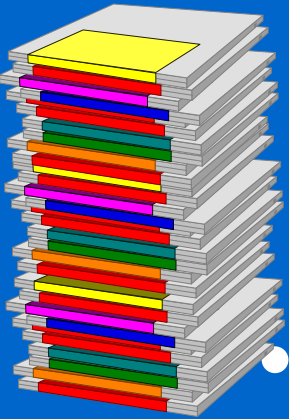
- Empire's 276-277 response was extremely timely. In testing, files in excess of 14,000 transactions were sent, processed, and returned in less than 2 hours.

- Translator/VAN centralization within Provider difficult (hospital claims, professional claims, finance/purchasing, etc.). Further inhibited by growth of Internet transactions.

- Open network integration delayed 2 years for funding.

276-277 Timeframe

- Planned 5 months for project completion
- Total elapsed time from project start to production implementation 9 months. Most of this was a result of specification ambiguities and file transmission (FTP) set-up. Once these were worked out, 75% of testing was completed in less than 8 weeks.
- Full formal report provided to HCFA in January, 1999
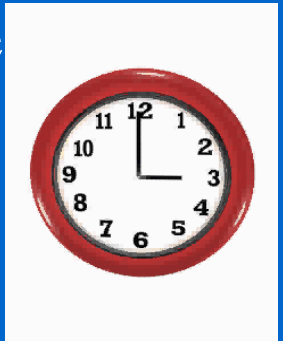
277-275 Timeframe

- Planning 4 months for project completion
- Planning full formal report for HCFA in September, 2000
- Planning production implementation of unsolicited 277 for Medicare outpatient hospital therapy claims following Proof of Concept.
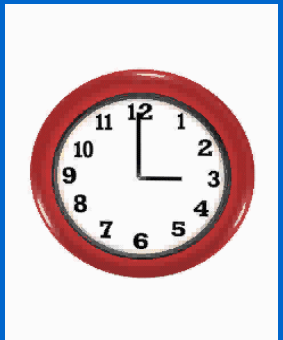
276-277 Phased Implementation

Memorial recommended to HCFA:

- Implement the standards first with one-way transaction sets (such as the 835).

- Allow project life cycle of 6-12 months for first transaction set, 3-6 months for each additional transaction set

- Exchanged 19 sets of files during a 5 month period for testing

- Identified 26 interface and specification issues

Phasing Vs. Procrastination

- Empire allowed 10/1/92-1/1/96 for Medicare 835. MSKCC started 5/95 and implemented 12/20/95.

- 835 for private Blue Cross and Commercial Insurance requested in 1995.

- Expedite HIPAA deadlines for all insurers, phasing sets and payers with shorter windows.
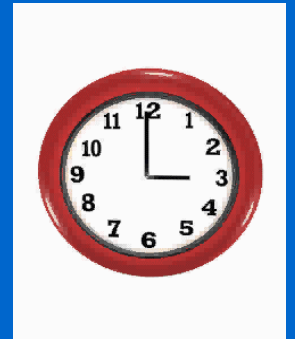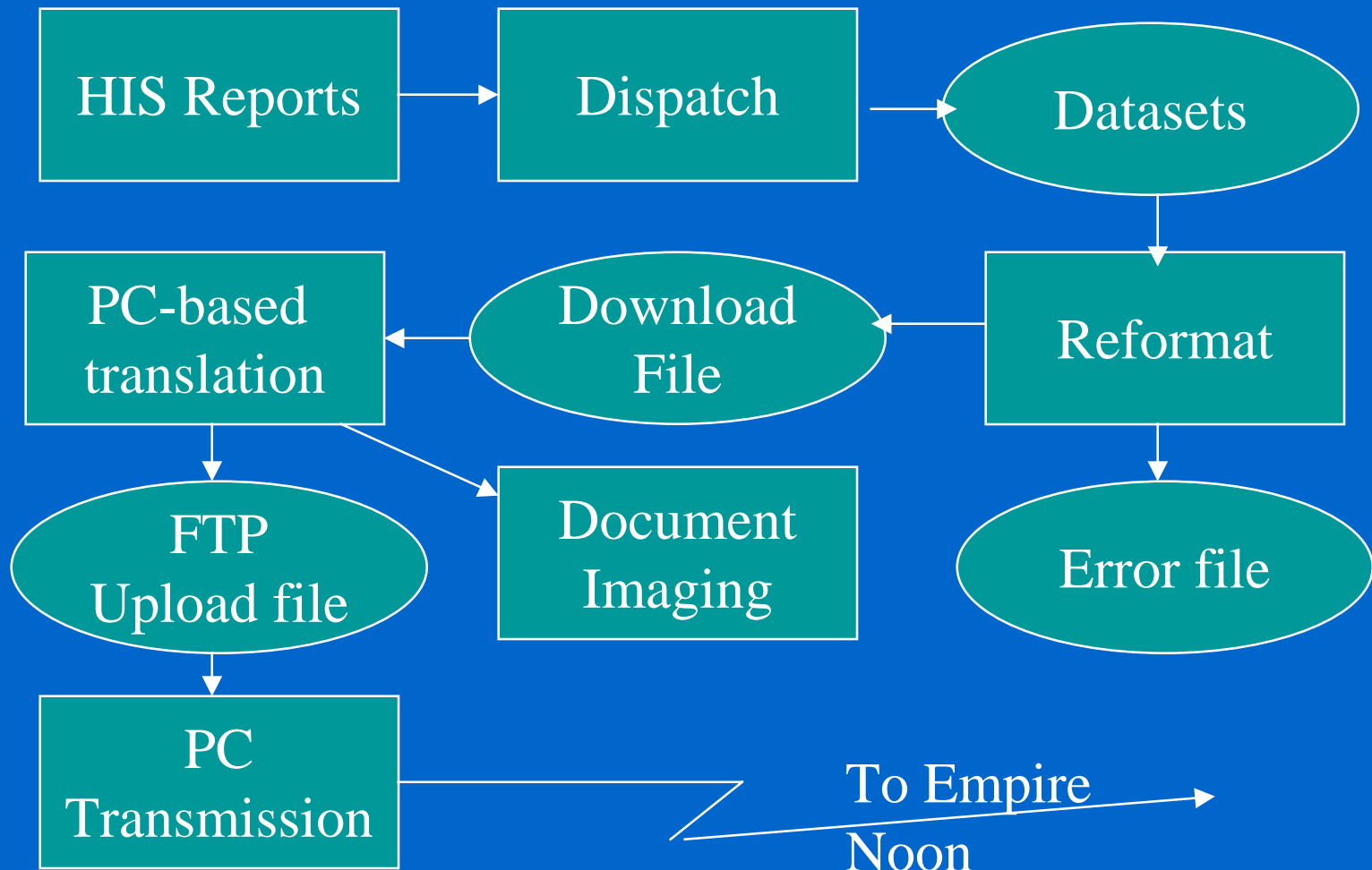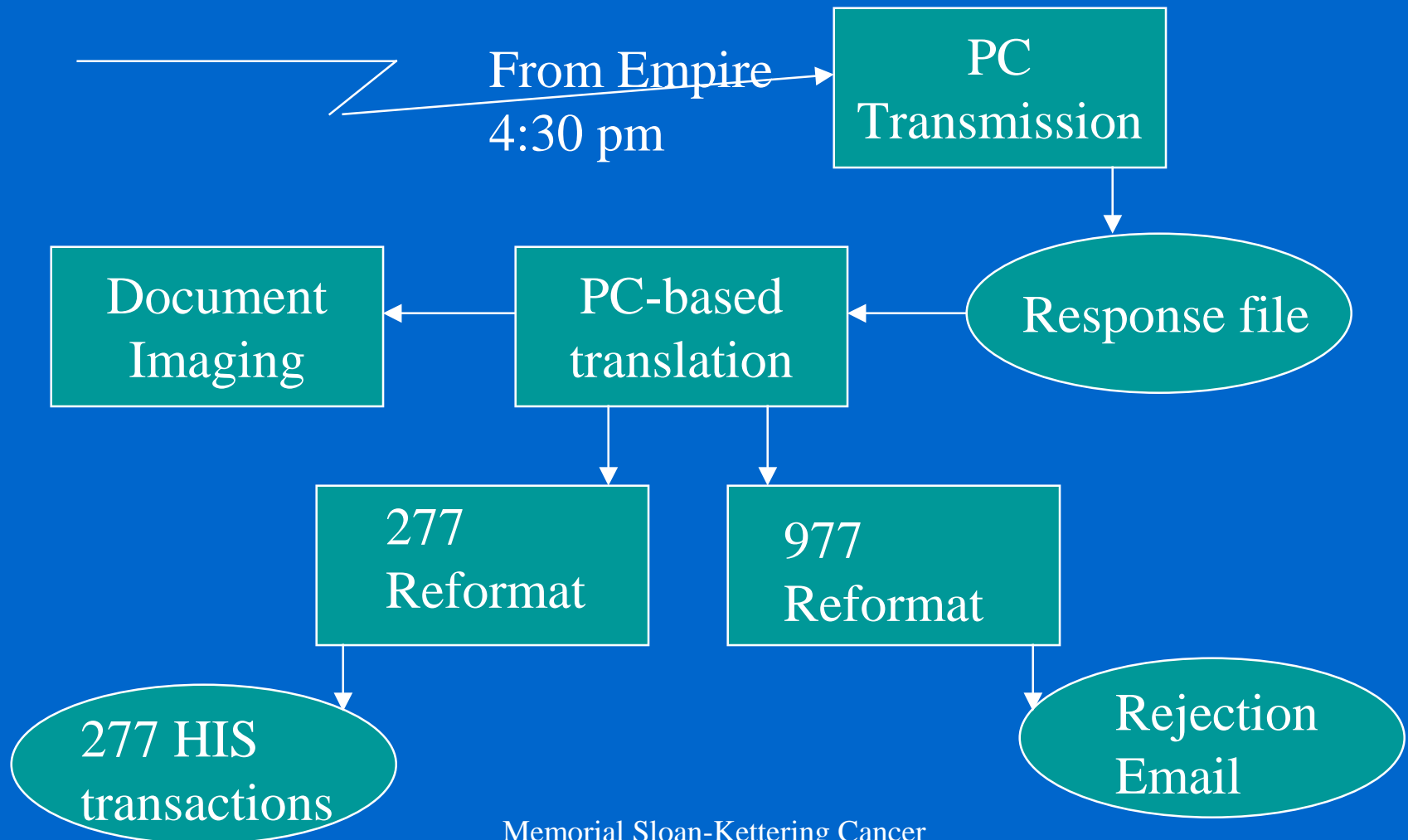
Workflow Analysis

Memorial recommended to HCFA:

- Require a technical flowchart to confirm operational impacts and identify technical staff

- Adhoc reporting development, translation programming, transmission programming, transmission hardware, email notification, HIS programming, and hospital operational changes required resources from the hospital business office and all areas of Information Systems

276 Workflow Analysis

HIS Reports → Dispatch → Datasets

Datasets → Reformat

Reformat → Download File → PC-based translation

Reformat → Error file

PC-based translation → FTP Upload file

PC-based translation → Document Imaging

FTP Upload file → PC Transmission

PC Transmission → To Empire Noon

277 Workflow Analysis

From Empire
4:30 pm → PC Transmission

PC Transmission → Response file

Response file → PC-based translation

PC-based translation → Document Imaging

PC-based translation → 277 Reformat

PC-based translation → 977 Reformat

277 Reformat → 277 HIS transactions

977 Reformat → Rejection Email

# Workflow Reengineering

276 Claim Status Follow-up: Rejected and Unpaid Claims

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Workflow Reengineering

- Outpatient claims: monthly unpaid claims greater than 30 days after billing. Volumes prohibit shorter cycles.

- Inpatient and Outpatient non-payment claims (beneficiary benefits exhausted) required a call Provider Services for the claim reference number (not available in Omnipro). With the 276-277, the claim reference number is automatically sent and posted to the HIS.
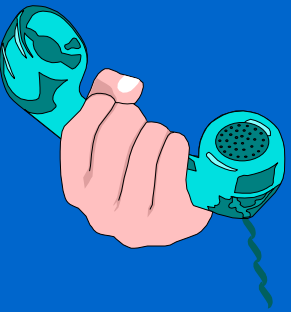
276 Cost Analysis: staffing
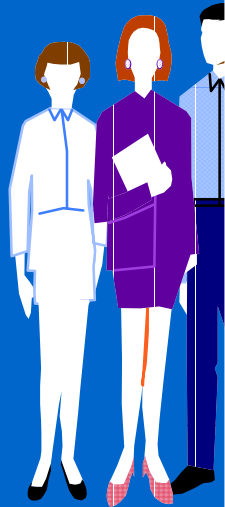
Evaluating the combined system and telephone staff time, we estimate the savings at 92.5 hours/week.

276 Cost Analysis: receivables

18% reduction
in Medicare claims
aged over 30 days
from 1/99-1/00

Cost Analysis for other payers

- Medicare historically highly automated, resulting in minimal cost savings with HIPAA.

- Other payers range from semi-automated to manual, and from semi-interfaced to standalone. Significant cost savings anticipated.

- Secondary billing and medical documentation will be the most challenging (expensive) to automate.

276-277 Special thanks to:

- HCFA: Steve Barr

- Blue Cross: Chris Stahlecker & Suzan Ryder

- The Cirius Group: Dan Hom

- MSKCC: Norm Brambrut & John McBride